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**PRELIMINARY DRAFT**  
**No. 3154**

**PREPARED BY**  
**LEGISLATIVE SERVICES AGENCY**  
**2011 GENERAL ASSEMBLY**

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**DIGEST**

**Citations Affected:** IC 33-38.

**Synopsis:** PERF and TRF administrative matters. PERF/TRF Proposal #2. Provides that a judge or a magistrate who is a participant in the Judges' Retirement System and who purchases prior service credit in the public employees' retirement system (PERF) waives credit for prior service in PERF only for the amount of PERF service purchased.

**Effective:** July 1, 2011.



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 33-38-7-19, AS AMENDED BY P.L.122-2008,  
2       SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2011]: Sec. 19. (a) This section applies only to a person who:

- 4               (1) is a judge participating under this chapter;  
5               (2) before becoming a judge was a member of an Indiana public  
6               employees' retirement fund;  
7               (3) received credited service under an Indiana public employees'  
8               retirement fund for the employment described in subdivision (2),  
9               and the credited service is not eligible for service credit under  
10              section 18 of this chapter;  
11              (4) has not attained vested status under a public employees'  
12              retirement fund for the employment described in subdivision (2);  
13              and  
14              (5) has at least eight (8) years of service credit in the judges'  
15              retirement system.

16       (b) If a person becomes a participant in the judges' 1977 benefit  
17       system under this chapter, credit for service described in subsection (a)  
18       shall be granted under this chapter by the board if:

- 19              (1) the prior service was credited under an Indiana public  
20              employees' retirement fund; and  
21              (2) the judge pays in a lump sum or in a series of payments  
22              determined by the board, not exceeding five (5) annual payments,  
23              the amount determined by the actuary for the 1977 benefit system  
24              as the total actual cost of the service.

25       (c) If the requirements of subsection (b) are not satisfied, a  
26       participant is entitled to credit only for years of service after the date of  
27       participation in the 1977 benefit system.

28       (d) An amortization schedule for contributions paid under this  
29       section must include interest at a rate determined by the board.

30       (e) If the requirements of subsection (b) are satisfied, the  
31       appropriate board shall transfer from the retirement fund described in



1 subsection (a)(2) to the judges' 1977 benefit system the amount  
 2 credited to the judge's annuity savings account and the present value of  
 3 the retirement benefit payable at sixty-five (65) years of age that is  
 4 attributable to the transferring participant.

5 (f) The amount a participant must contribute to the judges' 1977  
 6 benefit system under subsection (b) shall be reduced by the amount  
 7 transferred to the judges' 1977 benefit system by the appropriate board  
 8 under subsection (e).

9 (g) If the requirements of subsection (b) are satisfied, credit for prior  
 10 service in a public employees' retirement fund **that is purchased**  
 11 **under this section** is waived.

12 (h) To the extent permitted by the Internal Revenue Code and the  
 13 applicable regulations, the judges' 1977 benefit system may accept, on  
 14 behalf of a participant who is purchasing permissive service credit  
 15 under subsection (b), a rollover of a distribution from any of the  
 16 following:

17 (1) A qualified plan described in Section 401(a) or Section 403(a)  
 18 of the Internal Revenue Code.

19 (2) An annuity contract or account described in Section 403(b) of  
 20 the Internal Revenue Code.

21 (3) An eligible plan that is maintained by a state, a political  
 22 subdivision of a state, or an agency or instrumentality of a state or  
 23 political subdivision of a state under Section 457(b) of the  
 24 Internal Revenue Code.

25 (4) An individual retirement account or annuity described in  
 26 Section 408(a) or Section 408(b) of the Internal Revenue Code.

27 (i) To the extent permitted by the Internal Revenue Code and the  
 28 applicable regulations, the judges' 1977 benefit system may accept, on  
 29 behalf of a participant who is purchasing permissive service credit  
 30 under subsection (b), a trustee to trustee transfer from any of the  
 31 following:

32 (1) An annuity contract or account described in Section 403(b) of  
 33 the Internal Revenue Code.

34 (2) An eligible deferred compensation plan under Section 457(b)  
 35 of the Internal Revenue Code.

36 SECTION 2. IC 33-38-8-22.5, AS ADDED BY P.L.122-2008,  
 37 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 JULY 1, 2011]: Sec. 22.5. (a) This section applies after December 31,  
 39 2010, only to a person who:

40 (1) is a full-time magistrate participating under this chapter;

41 (2) was appointed by a court to serve as:

42 (A) a full-time referee or full-time commissioner; or

43 (B) before January 1, 2011, a full-time magistrate;

44 (3) was a member of the public employees' retirement fund during  
 45 the employment described in subdivision (2); and

46 (4) received credited service under the public employees'



- 1 retirement fund for the employment described in subdivision (2).
- 2 (b) If a person becomes a participant as a full-time magistrate in the
- 3 judges' 1985 benefit system under section 1 of this chapter, credit for
- 4 service by the magistrate as a full-time referee, full-time commissioner,
- 5 or, before January 1, 2011, full-time magistrate shall be granted under
- 6 this chapter by the board if:
- 7 (1) the service was credited under the public employees'
- 8 retirement fund; and
- 9 (2) the magistrate pays in a lump sum or in a series of payments
- 10 determined by the board, not exceeding five (5) annual payments,
- 11 the amount determined by the actuary for the judges' 1985 benefit
- 12 system as the total cost of the service.
- 13 (c) If the requirements of subsection (b) are not satisfied, a
- 14 participant is entitled to credit only for years of service earned as a
- 15 participant in the judges' 1985 benefit system.
- 16 (d) An amortization schedule for contributions paid under this
- 17 section must include interest at a rate determined by the board.
- 18 (e) The following provisions apply to a person described in
- 19 subsection (a):
- 20 (1) A minimum benefit applies to participants receiving credit in
- 21 the judges' 1985 benefit system from service covered by the
- 22 public employees' retirement fund. The minimum benefit is
- 23 payable at sixty-five (65) years of age or when the participant is
- 24 at least fifty-five (55) years of age and meets the requirements
- 25 under section 13(2)(B) of this chapter and equals the actuarial
- 26 equivalent of the vested retirement benefit that is:
- 27 (A) payable to the member at normal retirement under
- 28 IC 5-10.2-4-1 as of the day before the transfer; and
- 29 (B) based solely on:
- 30 (i) creditable service;
- 31 (ii) the average of the annual compensation; and
- 32 (iii) the amount credited under IC 5-10.2 and IC 5-10.3 to
- 33 the annuity savings account of the transferring member as of
- 34 the day before the transfer.
- 35 (2) If the requirements of subsection (b) are satisfied, the board
- 36 shall transfer from the public employees' retirement fund to the
- 37 judges' 1985 benefit system the amount credited to the annuity
- 38 savings account and the present value of the retirement benefit
- 39 payable at sixty-five (65) years of age or at least fifty-five (55)
- 40 years of age under section 13(2)(B) of this chapter that is
- 41 attributable to the transferring participant.
- 42 (3) The amount the participant must contribute to the judges' 1985
- 43 benefit system under subsection (b) shall be reduced by the
- 44 amount transferred to the judges' 1985 benefit system by the
- 45 board under subdivision (2).
- 46 (4) If the requirements of subsection (b) are satisfied, credit for



1 service in the public employees' retirement fund as a full-time  
 2 referee, full-time commissioner, or before July 1, 2010, full-time  
 3 magistrate **that is purchased under this section** is waived. Any  
 4 credit for the service under the judges' 1985 benefit system may  
 5 be granted only under subsection (b).

6 (f) To the extent permitted by the Internal Revenue Code and the  
 7 applicable regulations, the judges' 1985 benefit system may accept, on  
 8 behalf of a participant who is purchasing permissive service credit  
 9 under subsection (b), a rollover of a distribution from any of the  
 10 following:

11 (1) A qualified plan described in Section 401(a) or Section 403(a)  
 12 of the Internal Revenue Code.

13 (2) An annuity contract or account described in Section 403(b) of  
 14 the Internal Revenue Code.

15 (3) An eligible plan that is maintained by a state, a political  
 16 subdivision of a state, or an agency or instrumentality of a state or  
 17 political subdivision of a state under Section 457(b) of the  
 18 Internal Revenue Code.

19 (4) An individual retirement account or annuity described in  
 20 Section 408(a) or Section 408(b) of the Internal Revenue Code.

21 (g) To the extent permitted by the Internal Revenue Code and the  
 22 applicable regulations, the judges' 1985 benefit system may accept, on  
 23 behalf of a participant who is purchasing permissive service credit  
 24 under subsection (b), a trustee to trustee transfer from any of the  
 25 following:

26 (1) An annuity contract or account described in Section 403(b) of  
 27 the Internal Revenue Code.

28 (2) An eligible deferred compensation plan under Section 457(b)  
 29 of the Internal Revenue Code.

30 SECTION 3. IC 33-38-8-23, AS AMENDED BY P.L.122-2008,  
 31 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 32 JULY 1, 2011]: Sec. 23. (a) This section applies only to a person who:

33 (1) is:

34 (A) a judge; or

35 (B) after December 31, 2010, a judge or full-time magistrate;  
 36 participating under this chapter;

37 (2) before becoming:

38 (A) a judge; or

39 (B) after December 31, 2010, a judge or full-time magistrate;  
 40 was a member of a public employees' retirement fund;

41 (3) received credited service under a public employees' retirement  
 42 fund for the employment described in subdivision (2), and the  
 43 credited service is not eligible for service credit under section 22  
 44 or 22.5 of this chapter;

45 (4) has not attained vested status under a public employees'  
 46 retirement fund for the employment described in subdivision (2);



1 and

2 (5) has at least eight (8) years of service credit in the judges'  
3 retirement system.

4 (b) If a person becomes a participant in the judges' 1985 benefit  
5 system under this chapter, credit for service described in subsection (a)  
6 shall be granted under this chapter by the board if:

7 (1) the prior service was credited under a public employees'  
8 retirement fund; and

9 (2) the judge or full-time magistrate pays in a lump sum or in a  
10 series of payments determined by the board, not exceeding five  
11 (5) annual payments, the amount determined by the actuary for  
12 the judges' 1985 benefit system as the total cost of the service.

13 (c) If the requirements of subsection (b) are not satisfied, a  
14 participant is entitled to credit only for years of service after the date of  
15 participation in the judges' 1985 benefit system.

16 (d) An amortization schedule for contributions paid under this  
17 section must include interest at a rate determined by the board.

18 (e) If the requirements of subsection (b) are satisfied, the  
19 appropriate board shall transfer from the retirement fund described in  
20 subsection (a)(2) to the judges' 1985 benefit system the amount  
21 credited to the judge's or full-time magistrate's annuity savings account  
22 and the present value of the retirement benefit payable at sixty-five (65)  
23 years of age that is attributable to the transferring participant.

24 (f) The amount a participant must contribute to the judges' 1985  
25 benefit system under subsection (b) shall be reduced by the amount  
26 transferred to the judges' 1985 benefit system by the appropriate board  
27 under subsection (e).

28 (g) If the requirements of subsection (b) are satisfied, credit for prior  
29 service in a public employees' retirement fund **that is purchased**  
30 **under this section** is waived.

31 (h) To the extent permitted by the Internal Revenue Code and the  
32 applicable regulations, the judges' 1985 benefit system may accept, on  
33 behalf of a participant who is purchasing permissive service credit  
34 under subsection (b), a rollover of a distribution from any of the  
35 following:

36 (1) A qualified plan described in Section 401(a) or Section 403(a)  
37 of the Internal Revenue Code.

38 (2) An annuity contract or account described in Section 403(b) of  
39 the Internal Revenue Code.

40 (3) An eligible plan that is maintained by a state, a political  
41 subdivision of a state, or an agency or instrumentality of a state or  
42 political subdivision of a state under Section 457(b) of the  
43 Internal Revenue Code.

44 (4) An individual retirement account or annuity described in  
45 Section 408(a) or Section 408(b) of the Internal Revenue Code.

46 (i) To the extent permitted by the Internal Revenue Code and the



1 applicable regulations, the judges' 1985 benefit system may accept, on  
2 behalf of a participant who is purchasing permissive service credit  
3 under subsection (b), a trustee to trustee transfer from any of the  
4 following:

- 5 (1) An annuity contract or account described in Section 403(b) of  
6 the Internal Revenue Code.  
7 (2) An eligible deferred compensation plan under Section 457(b)  
8 of the Internal Revenue Code.

